

**JACKSON PARISH
SALES TAX COLLECTION AGENCY**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/26/08

Jackson Parish Sales Tax Collection Agency
June 30, 2007

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Auditor's Report	-	5-6
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	A	9
Statement of Activities	B	10
Fund Financial Statements		
Balance Sheet-Governmental Fund	C	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	D	13
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund	E	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities	F	15
Statement of Fiduciary Net Assets-Fiduciary Fund	G	16
Statement of Changes in Fiduciary Net Assets-Fiduciary Fund	H	17
Notes to Financial Statements	-	19-26
Other Required Supplementary Information		
Budgetary Comparison Schedule	I	28
Other Reports		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	J	30-31
Schedule of Audit Findings	K	32

JACKSON PARISH SALES TAX COLLECTION AGENCY

P. O. Box 666
Jonesboro, LA 71251

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of its operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The Agency maintains two funds; a general fund through which its day-to-day operations are conducted and a Fiduciary Fund, in which these funds are simply held for other parties and cannot be used for any of the Agency's activities, it is not included in the government-wide statement but is separately reported in the statements of the Fiduciary Fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2007</u>	<u>2006</u>
ASSETS:		
Current Assets	\$11,583	\$16,793
Capital assets, net of accumulated depreciation	<u>4,858</u>	<u>8,037</u>
Total Assets	<u>\$16,441</u>	<u>\$24,830</u>
LIABILITIES:		
Accounts payable	\$ 3,194	\$ 7,690
Payroll related payables	4,265	3,938
Other	<u>11,212</u>	<u>10,257</u>
Total Liabilities	<u>\$18,671</u>	<u>\$21,885</u>
NET ASSETS:		
Invested in capital assets	\$ 4,858	\$ 8,037
Unrestricted (Deficit)	<u>(7,088)</u>	<u>(5,092)</u>
NET ASSETS	<u>\$ (2,230)</u>	<u>\$ 2,945</u>

Summary of Statement of Activities

	<u>2007</u>	<u>2006</u>
REVENUES:		
Charge for Services	\$115,757	\$114,574
Interest	<u>70</u>	<u>60</u>
Total Revenues	<u>\$115,827</u>	<u>\$114,634</u>
EXPENSES:		
Personnel Services	\$ 73,735	\$ 67,150
Legal & Accounting	6,464	5,497
Operating Services	<u>40,803</u>	<u>43,155</u>
Total Expenses	<u>\$121,002</u>	<u>\$115,802</u>
Change in Net Assets	<u>\$ (5,175)</u>	<u>\$ (1,168)</u>

- The Agency's assets exceeded its liabilities by \$(2,230) (net assets) for the year and \$2,945 for the prior year.
- For the year ended June 30, 2007, unrestricted net assets is \$(7,088). For the prior year it was \$(5,092).

General Fund Budgetary Highlights

The actual revenues were \$7,323 less than the budgeted amount for the year and expenditures were \$6,366 over the budgeted amount for the year.

Economic Factors and Next Year's Budget

The primary revenue source is the charge for services received from the different taxing bodies based on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all during the preceding month. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for FY 2007/2008 should not significantly differ from FY 2006/2007.

Contacting the Agency

This financial report is designed to provide our citizens and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Jackson Parish Sales Tax Collection Agency, P. O. Box 666, Jonesboro, LA 71251-0666.

Johnson, Thomas & Cunningham
Certified Public Accountants

Edsko G. Johnson, C.P.A. — A Professional Corporation (1987-1995)

Mark D. Thomas, C.P.A. — A Professional Corporation

Roger M. Cunningham, C.P.A. — A Professional Corporation

Jessica H. Broadway, C.P.A.

*321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4467*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Agency. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary fund of the Agency as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 1 through 4 and budgetary information on pages 27 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. For the Management's Discussion and Analysis, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 26, 2007

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Statement of Net Assets
June 30, 2007

	Governmental Activities
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ 9,376
Accounts Receivable	<u>2,207</u>
Total Current Assets	\$11,583
Non-current Assets:	
Capital Assets (Net)	<u>4,858</u>
Total Assets	<u>\$16,441</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 3,194
Payroll Related Payables	4,265
Deferred Revenues	<u>5,081</u>
Total Current Liabilities	\$12,540
Long-term Liabilities:	
Accrued Compensated Absences	<u>6,131</u>
Total Liabilities	<u>\$18,671</u>
NET ASSETS:	
Invested in Capital Assets	\$ 4,858
Unrestricted (Deficit)	<u>(7,088)</u>
Total Net Assets	<u>\$ (2,230)</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Activities
June 30, 2007

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	Net (Expense) Revenue and Changes in Net Assets <u>Governmental Activities</u>
Governmental Activities:			
General Government	<u>\$121,002</u>	<u>\$115,757</u>	<u>\$(5,245)</u>
General Revenues:			
Interest			<u>70</u>
Change in Net Assets			<u>\$(5,175)</u>
Net Assets July 1, 2006			<u>2,945</u>
Net Assets June 30, 2007			<u>\$(2,230)</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Balance Sheet-Governmental Fund
June 30, 2007

	Governmental Fund
ASSETS:	
Cash	\$ 9,376
Accounts Receivable	<u>2,207</u>
Total Assets	<u>\$11,583</u>
LIABILITIES:	
Accounts Payable	\$ 3,194
Deferred Revenue	5,081
Payroll Related Payables	<u>4,265</u>
Total Liabilities	\$12,540
FUND BALANCE:	
Unreserved	<u>(957)</u>
Total Liabilities and Fund Balance	<u>\$11,583</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2007

Total Fund Balance for the Governmental Fund
at June 30, 2007 \$ (957)

Amounts reported for Governmental Activities
in the Statement of Net Assets is different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not
reported in the fund. Those assets consist of:

Capital Assets	49,800
Less, Accumulated Depreciation	(44,942)

Long-term Liabilities are not due and payable
in the current period and are not reported in the fund-

Accrued Compensated Absences	<u>(6,131)</u>
------------------------------	----------------

Total Net Assets of Governmental Activities
at June 30, 2007 \$ (2,230)

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2007

	Governmental <u>Fund</u>
REVENUES:	
Charges for Services	\$115,757
Interest	<u>70</u>
Total Revenues	<u>\$115,827</u>
EXPENDITURES:	
Personnel Services	\$ 72,696
Legal & Accounting	6,464
Operating Services	<u>37,624</u>
Total Expenditures	<u>\$116,784</u>
Deficiency of Revenues over Expenditures	\$ (957)
Fund Balance-Beginning of Year	<u>0</u>
Fund Balance-End of Year	<u>\$ (957)</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2007

Total Change in Fund Balance \$ (957)

Amounts reported for Governmental Activities
in the Statement of Activities is different because:

Governmental Funds report capital outlays as
expenditures. However, in the Statement of
Activities the cost of the assets is allocated over
their estimated useful lives as depreciation expense.
Those expenditures consist of:

Depreciation Expense (3,179)

Accrued Compensated Absences do not require the use of
current financial resources; therefore, are not reported
as expenditures in governmental funds-

Change in Accrued Compensated Absences (1,039)

Total change in Net Assets of Governmental Activities \$(5,175)

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2007

	<u>Agency Fund</u>
ASSETS:	
Cash	<u>\$3,136</u>
Total Assets	<u>\$3,136</u>
LIABILITIES:	
Unsettled Deposits – Due to Others	<u>\$3,136</u>
Total Liabilities	<u>\$3,136</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Changes in Fiduciary Net Assets
Agency Fund
for the Year Ended June 30, 2007

	Agency Fund
ADDITIONS:	
Sales Tax Receipts	\$15,932,659
Interest Income	<u>6,697</u>
Total Additions	<u>\$15,939,356</u>
DEDUCTIONS:	
Jackson Parish Sales Tax Collection Agency	\$ 113,857
Jackson Parish Police Jury	3,550,601
Jackson Parish School Board	9,825,041
Town of Jonesboro	1,653,596
Village of Hodge	476,457
Village of North Hodge	15,345
Village of East Hodge	6,534
Village of Eros	1,858
Collection Fees	289,862
Refunds	<u>6,690</u>
Total Deductions	<u>\$15,939,841</u>
Change in Liabilities	\$ (485)
Liabilities-Beginning	<u>3,621</u>
Liabilities-Ending	<u>\$ 3,136</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

1. Introduction:

As provided by Louisiana Statutes 33:2711(c), the Jackson Parish Sales Tax Collection Agency serves as the collector of sales and use taxes for the parish. The Agency is governed by a Board of Commissioners comprised of five members; two of the members are selected from the Jackson Parish School Board, one from the Jackson Parish Police Jury and one each from the municipalities of Jonesboro, and Hodge, Louisiana, in accordance with a joint intergovernmental agreement among the agencies. The commissioners serve for indefinite terms at the pleasure of the taxing authority appointing them. The members of the Board serve without benefit of compensation. The Jackson Parish Sales Tax Collection Agency has two full-time positions; the Tax Administrator, appointed by the Board of Commissioners, and one employee who performs support functions.

2. Summary of Significant Accounting Policies:

The accompanying financial statements of the Jackson Parish Sales Tax Collection Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Jackson Parish Sales Tax Collection Agency was created as a political subdivision under the provisions of Louisiana Revised Statute 33:2711(c). Members of the Board of Commissioners are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Agency is the collector for all sales and use taxes within the parish. Based on the above, the Jackson Parish Sales Tax Collection Agency was determined to be a separate governmental reporting entity. The Jackson Parish Sales Tax Collection Agency includes all funds, activities, etc., that are within the primary responsibility of the Agency. Certain units of local government over which the Agency exercises no primary responsibility, such as the Jackson Parish Police Jury, School Board, Assessor, Clerk of Court, municipalities within the parish, and other independently elected officials are excluded from the accompanying financial statements. These local governments are neither controllable by nor answerable to the Jackson Parish Sales Tax Collection Agency. Further, their operations do not require the approval of the Agency nor is the Agency legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Jackson Parish Sales Tax Collection Agency.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The accounts of the Agency are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Agency maintains two funds. They are categorized as a governmental fund and fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The funds of the Agency are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

Fiduciary Fund-

Fiduciary Funds are used to account for assets held by the Agency in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Agency, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Agency as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts and savings accounts of the Agency.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Agency maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
----------------------	---------

Compensated Absences-

Full-time Agency employees may earn from twelve to twenty-one days of annual leave and five days of sick leave per year depending on length of service. Upon resigning, employees may be paid for annual and sick leave up to twenty days each. Retiring employees are not paid for accrued annual leave in excess of twenty days, but are given credit toward retirement length of service. Retiring employees may elect to be paid for accrued sick leave up to twenty-five days.

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

- b. Restricted net assets—Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budgetary Practices:

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary data for the general fund is prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliations between legally enacted basis and GAAP basis is required.

The Agency's office performs only a custodial function in the case of fiduciary funds and therefore a budget for these funds is not appropriate.

G. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents:

At June 30, 2007, the Jackson Parish Sales Tax Collection Agency had cash totaling \$919,773 (collected bank balances). Book balances were substantially less than bank balances due to the large amount of outstanding checks sent to the various taxing bodies at month end. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the Agency. The deposits at June 30, 2007, were secured as follows:

	<u>Cash</u>
Bank Balances	<u>\$919,773</u>
Insured by FDIC	\$100,500
Insured by Pledged Securities	<u>819,273</u>
Uninsured Balances	<u>\$ 0</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2007, is as follows:

<u>Governmental Activities</u>	<u>Balance 07-01-06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-07</u>
Capital Assets:				
Furniture, computers	\$49,800	\$ 0	\$0	\$49,800
Less: Accumulated Depreciation:				
Furniture, computers	<u>41,763</u>	<u>3,179</u>	<u>0</u>	<u>44,942</u>
Net Capital Assets	<u>\$ 8,037</u>	<u>\$(3,179)</u>	<u>\$0</u>	<u>\$ 4,858</u>

Depreciation expense of \$3,179 was charged to the general government function.

5. Pension Plan:

The employees of the Jackson Parish Sales Tax Collection Agency are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. The employees of the Agency are members of Plan A.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

All permanent employees working at least 28 hours per week who are paid wholly or in part by the Jackson Parish Sales Tax Collection Agency are eligible to participate in the System.

Under Plan A, employees who retire at age 65 with at least 7 years of creditable service; at or after age 60 with at least 10 years of creditable service; at or after age 55 with at least 25 years of creditable service; or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The rate was 13.25 percent of covered payroll for the year ending June 30, 2007. Contributions to the System also include $\frac{1}{4}$ of 1 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Agency are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Agency's contributions to the System under Plan A for the years ending June 30, 2007, 2006, and 2005, were \$7,481, \$6,830, and \$6,448, respectively, equal to the required contributions for each year.

6. Litigation:

Management has advised that the Agency is not involved in any legal action which would have a negative impact on the Agency. Any potential liability arising from the suits against the Agency would be a liability of the respective taxing bodies for which the Agency handles collections and not a liability of the Jackson Parish Sales Tax Collection Agency.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2007

7. Changes in General Long-term Obligations – Compensated Absences:

The following is a summary of the changes in long-term obligations for accrued compensated absences for the year ended June 30, 2007:

Long-term obligations payable at June 30, 2006	\$5,092
Net Change	<u>1,039</u>
Long-term obligations Payable at June 30, 2007	<u>\$6,131</u>

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Jackson Parish Sales Tax Collection Agency
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2007

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Collection Fees	\$123,150	\$111,077	\$(12,073)
Collection-Hotel/Motel Tax	0	4,680	4,680
Interest	0	70	70
Total Revenues	<u>\$123,150</u>	<u>\$115,827</u>	<u>\$ (7,323)</u>
EXPENDITURES:			
Accounting Fees	\$ 1,350	\$ 1,500	\$ (150)
Advertising	150	81	69
Annual Audit	4,000	3,850	150
Dues & Subscriptions	300	0	300
Capital Outlay	10,000	0	10,000
Insurance - Other	2,100	2,063	37
Insurance - Group	3,700	4,468	(768)
Insurance - Workman's Comp.	500	302	198
Legal Fees	1,500	1,114	386
Hotel/Motel Tax Distribution	0	4,680	(4,680)
Office Expense	14,000	10,191	3,809
Payroll Tax Expense	1,050	1,017	33
Postage	6,000	5,652	348
Programming Expense	2,100	4,252	(2,152)
Rent	4,500	4,500	0
Repairs & Maintenance	500	0	500
Retirement Expense	7,500	7,481	19
Salary Expense	58,000	59,428	(1,428)
Seminars/Conventions	1,500	1,735	(235)
Telephone	3,400	3,576	(176)
Travel	<u>1,000</u>	<u>894</u>	<u>106</u>
Total Expenditures	<u>\$123,150</u>	<u>\$116,784</u>	<u>\$ 6,366</u>

See accountant's report.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Edith G. Johnson, C.P.A. — A Professional Corporation (1987-1996)

Mark D. Thomas, C.P.A. — A Professional Corporation

Roger M. Cunningham, C.P.A. — A Professional Corporation

Jessica H. Broadway, C.P.A.

*321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447*

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the financial statements of the governmental activities, major fund and fiduciary fund of the Jackson Parish Sales Tax Collection Agency, as of and for the year ended June 30, 2007, which collectively comprise the Jackson Parish Sales Tax Collection Agency's basic financial statements and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Jackson Parish Sales Tax Collection Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Jackson Parish Sales Tax Collection Agency's financial statements that is more than inconsequential will not be prevented or detected by the Jackson Parish Sales Tax Collection Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Jackson Parish Sales Tax Collection Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jackson Parish Sales Tax Collection Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 07-01.

Jackson Parish Sales Tax Collection Agency's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit Jackson Parish Sales Tax Collection Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Jackson Parish Sales Tax Collection Agency and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

December 26, 2007
Natchitoches, Louisiana

Jackson Parish Sales Tax Collection Agency
Schedule of Audit Findings
Year Ended June 30, 2007

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unqualified opinion was issued on the financial statements of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2007.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Compliance-

07-01 Compliance with Local Government Budget Act

Condition – Louisiana State Law requires that the budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended June 30, 2007, actual revenues were less than budgeted revenues by more than 5% and the budget was not amended.

Cause – Oversight of management to ensure the budget was amended prior to the year end.

Recommendation – The Agency should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Management's Response – The Agency will institute procedures to ensure the budget is amended when required.

III. PRIOR YEAR AUDIT FINDINGS

The audit report for the prior year did not disclose any audit findings.